

# **Impact Analysis of the Budget Control Act of 2011 on Maryland**

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RESEARCH & CONSULTING

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# Introduction

- **Project objective:** To provide DBED with an impact analysis of the Budget Control Act of 2011 (BCA) for Maryland
- Findings to be included in the Federal Facilities Advisory Board's overall risk assessment report
- Focused on the levels of federal funding received by Maryland **federal installations** and **state agencies**

# Budget Control Act of 2011

- Cuts begin in FY 2012/FY 2013 and extend from FY 2014 through FY 2021
- Including debt savings, initial cuts total \$917 billion over ten years
  - ▣ \$841 billion without debt savings
  - ▣ Achieved through last August's discretionary caps
  - ▣ Baseline for future budget cuts

# Federal Installations in Maryland

Federal Non-Military Installation	Total Maryland Employment
Department of Agriculture	1,903
Department of Commerce	10,968
Department of Energy	1,594
Department of Health and Human Services	26,995
Department of Homeland Security	958
Department of Housing and Urban Development	115
Department of the Interior	210
Department of Justice	782
Department of the Treasury	7,301
Department of Veteran's Affairs	3,047
Independent Agencies and Commissions	18,678
<b>Total</b>	<b>72,551</b>

Source: DBED

# Military Installations in Maryland

Aberdeen Proving Ground	Naval Support Activity Bethesda; Walter Reed National Military Medical Center
Joint Base Andrews-Naval Air Facility Washington	Naval Support Facility Indian Head (NSA South Potomac)
Baltimore, Maryland Military Entrance Processing Station	Navy Fort Meade
Fort Detrick	U.S. Naval Academy
Fort George G. Meade	USAREC, Baltimore Battalion
Naval Air Station Patuxent River	

Source: DoD

# Federal Funding

- In addition to the presence of federal and military installations in Maryland, the state receives significant federal funding for state government agencies.
- As of FY 2010, Maryland state government agencies received approximately **\$9.6 billion** in federal funding.

# Methodology

- Funding data from...
  - ▣ Bureau of the Census' Consolidated Federal Funds Report
  - ▣ Governor's Grants Office's 2011 Annual Report
- Program-level data
  - ▣ Aggregated for total funds to each agency
  - ▣ Disregarded "pass-through" dollars
- Applied initial budgetary cuts weighted according to the level of funding received

# Findings

- Due to initial budgetary cuts associated with the BCA, Maryland federal installations could experience job losses and the state could see a decrease in state GDP
- Due to initial budgetary cuts associated with the BCA, Maryland state agencies could experience job losses and the state could see a decrease in state GDP



# Conclusion

- A portion of Maryland government agencies' livelihoods are supported by federal funding.
- Maryland could **lose** the significant positive economic impact related to federal funding in terms of **jobs** and **economic activity**.
- Maryland has demonstrated its **ability to adapt** to evolving economic challenges, including its relatively stronger performance as compared to other states throughout the recent economic recession.